

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 STR-01 CEA-01 AGR-05

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SUBJECT: GREEK BUDGET PRESENTED TO PARLIAMENT

REF: (A) ATHENS 279; (B) ATHENS A-53, 3/2/74;

(C) ATHENS A-261, 9/11/74; (D) ATHENS 1518

1. SUMMARY-FINMIN EVANGELOS DEVLETOGLOU PRESENTED CY 1975 BUDGET TO PARLIAMENT MAR 18, DESCRIBING AS MAJOR GOALS OF GOG BUDGET POLICY: REGENERATION OF ECONOMIC GROWTH; PURSUIT OF GREATER SOCIAL JUSTICE; IMPROVEMENT OF GREECE'S DEFENSE CAPABILITY; AND THE IMPROVEMENT, WITHIN THE RESTRAINTS IMPOSED BY CURRENT CONDITIONS, OF EDUCATIONAL, WELFARE, PUBLIC HEALTH AND AGRICULTURAL PROGRAMS. PRINCIPAL FEATURES OF BUDGET, ACCORDING TO STATEMENT MADE BY DEVLETOGLOU, AS FOLLOWS.

2. REGULAR BUDGET - TOTAL 75 REGULAR BUDGET REVENUES ESTIMATED AT 140 BILLION DRACHMAS, 33.7 PERCENT HIGHER THAN LIMITED OFFICIAL USE

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ANTICIPATED IMPLEMENTATION OF 74 BUDGET. DIRECT TAXES TO

PROVIDE 32.3 BILLION DRACHMAS (13.6 PERCENT OVER 1974);
INDIRECT TAXES 93.7 BILLION DRACHMAS (PLUS 36.9 PC); AND
14 BILLION DRACHMAS (PLUS 79 PC) FROM OTHER SOURCES, SUCH
AS INCOME FROM SALE OF STATE MONOPOLY ITEMS AND INCOME FROM
PUBLIC ENTITIES. EXPENDITURES (INCL 5.2 BILLION
DRACHMA SPECIAL RESERVE FUND) SET AT 140 BILLION DRACHMAS,
33.7 PC HIGHER THAN IN 74. NATIONAL DEFENSE MINISTRY
ALLOCATION 31.7 BILLION DRACHS, 46.5 PC HIGHER THAN
74, CONSTITUTING 23.5 PC OF TOTAL REGULAR BUDGET
EXPENSES (EXCLUDING THE RESERVE FUND). EXPENDITURES FOR
EDUCATION INCREASED BY 2.7 BILLION DRACHS (PLUS 23.4 PC);
THOSE FOR WELFARE, HEALTH AND SOC INSURANCE BY 3.8 BILLION
DRACHS (PLUS 31.5 PC); FOR
AGRICULTURE BY 1.5 BILLION DRACHS (PLUS 27 PC).
ALLOCATION FOR SERVICING OF PUBLIC DEBT 17 BILLION DRACHS
(45.5 PC HIGHER THAN 74). REGULAR BUDGET REVENUES
AND EXPENDITURES ARE BALANCED, WITH NO SURPLUS FOR FINANCING
STATE INVESTMENT BUDGET.

3. PUBLIC INVESTMENT BUDGET - 1975 INVESTMENT BUDGET
EXPENDITURES UP 40.6 PC TO 32 BILLION DRACHS (INCLUDING
5 BILLION DRACHMA RESERVE). FINANCING WILL DERIVE FROM
INVESTMENT INCOME OF ONE BILLION DRACHS, DOMESTIC
BORROWING OF 16 BILLION DRACHS, AND EXTERNAL BORROWING OF
15 BILLION DRACHS.

4. DEFICIT - DEVLETOGLOU INDICATED THAT 1974 TOTAL GREEK
STATE BUDGET DEFICIT AMOUNTED TO 33,436 MILLION DRACHMAS.
OF TOTAL, 22,286 MILLION DRACHS DUE TO PUBLIC INVESTMENT
BUDGET. BALANCE ATTRIBUTED TO CONSUMER GOODS ACCOUNT DEFICIT
OF 8,950 MILLION DRACHS (INCLUDING 3,650 MILLION DRACHS
FOR PROCUREMENT OF MILITARY SUPPLIES - A MOST UNUSUAL USE OF
ACCOUNT), AND 2,250 MILLION DRACHS TO SPECIAL
AGRICULTURAL BANK OF GREECE FERTILIZER ACCOUNT. FOR
1975, DEFICIT WILL TOTAL 41.2 BILLION DRACHS - 31 BILLION
DRACHS FROM PUBLIC INVESTMENT BUDGET; 7 BILLION DRACHS
FROM CONSUMER GOODS ACCOUNT, AND 3.2 BILLION DRACHS FROM
FERTILIZER PROGRAM.

5. FULL TEXT OF BUDGET, WITH DETAILED ALLOCATIONS, NOT YET
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AVAILABLE. EMB WILL PROVIDE BREAKDOWN AND ANALYSIS BY
SPECIAL AIRGRAM AS SOON AS POSSIBLE. EMB FORWARDING BY
AIRGRAM A SUMMARY STATISTICAL BREAKDOWN OF 75 BUDGET IN
COMPARISON WITH TWO PREVIOUS YEARS.

6. COMMENT - SINCE BITS AND PIECES OF BUDGET HAD ALREADY
BEEN REVEALED DURING LAST TWO MONTHS, GENRAL OUTLINE NOW
AVAILABLE COMES AS NO SURPRISE. ONE INTERESTING FEATURE IS

UPWARD REVISION OF PUBLIC INVESTMENT BUDGET FROM 27 BILLION
TO 32 BILLION DRACHS. BANK OF GREECE GOVERNOR ZOLOTAS
HAD HINTED AT THIS POSSIBLITY IN FEB 20 TV INTERVIEW
(REF D). MEASURE PERHAPS SIGNALS SOMEWHAT MORE EXPANSIONARY
ATTITUDE ON PART OF GOG IN RESPONSE TO CRITICISM THAT
GOVT HAS BEEN OVERLY CONCERNED WITH INFLATION AND NOT
ENOUGH CONCERNED ABOUT STAGNATION. LARGE DEFICITS FOR 75-75
IN THEORETICALLY SELF BALANCING CONSUMER GOODS ACCOUNTS AN
INTERESTING FEATURE WHICH WILL BEAR CLOSE EXAMINATION WHEN
MORE DETAILED STATISTICAL INFORMATION BECOMES AVAILABLE.
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